WORLD BANK NEWS

Volume XII, No. 32

August 30, 1993

World Bank Expands Access To Information

The World Bank's Executive Directors approved a substantially more open information policy on August 26. As a result, the amount of information made available worldwide to the public will be increased significantly.

Mr. Ernest Stern, the Bank's Acting President, said that this broader dissemination of information would help to increase local participation and strengthen the development effectiveness of the projects the Bank finances. He added that it would also enhance overall public understanding of development issues.

Actions To Be Taken

The Bank will take the following actions to expand access to information:

- A new Project Information Document (PID) will be made available for all projects under preparation for Bank financing. This will provide substantially more information on projects, and at an earlier stage, than is currently available. The PID will include the main elements of the evolving project, expected components, costs and financing, environmen-

See, INFORMATION, page 8

Education for Girls Receives Poor Marks in Some Countries

During the past 30 years, education has gained a lot of ground in the developing world. From Brazil to Zambia, more and more children are attending primary and secondary schools while many eventually move on to university-level education.

Still, despite the gains, far fewer girls in the developing world go to school than boys, says a new World Bank study. Although the gap varies by region, enrollments of boys in many countries are as much as 20 percent higher than enrollments of girls. And this situation is leading to a "skills vacuum" that puts a brake on development, says the study, *Women's Education in Developing Countries*.

"Women's education still lags far behind men's in most developing countries, with far-reaching consequences for

See, EDUCATION, page 4

UN Photo/John Isaac

Girls attend reading lessons at school in Karachi, Pakistan.

A project in Honduras will raise the living standards of people living in rural areas. 2

Bringing women into the mainstream of Turkey's economic life could aid the country's development, a new study shows. 6

Women play a central role in Uganda's development. Providing special assistance to women would bolster the country's economy. 7

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Armenia joins IDA, page 7

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LENDING

Honduras Reaps Benefits of Vital Agriculture Sector

Honduras ranks among the Western Hemisphere's least developed countries, with its 5.2 million people earning an average $580 a year. But under a plan drafted last year, Honduras hopes to improve its standard of living by giving a shot in the arm to its most important economic sector—agriculture.

On August 5, the plan received support from the International Development Association (IDA) in the shape of a credit of SDR 43.3 million ($60 million). The program is also being cofinanced with a $50 million loan from the Inter-American Development Bank.

The IDA credit will help Honduras carry out the new policies and structural reforms of its Agricultural Modernization Law of April 1992 and support the country's continued move toward a free-market economy. The agriculture law calls for changes in land tenure rules, forest rights and the government's management of the sector.

By reforming agriculture, Honduras hopes the plan will make farming more efficient, create jobs and boost production of its traditional export crops like bananas and coffee, but also of newer products such as shrimp, melon and pineapple.

"This credit is important to Honduras because agriculture plays such a central role in the country's economy," says Graciela Lituma, senior agricultural economist in the agriculture operations of the World Bank's Latin America and Caribbean region. "Currently, agriculture makes up almost 25 percent of Honduras' economic output and 80 percent of its exports."

Under the plan, Honduras will recognize the rights of farmers to their cropland and will allow others to rent land for planting crops. Lituma says giving farmers the "security" of land rights will discourage the devastation of fertile cropland and encourage a more sustainable, stable use of land.

"Currently, many Honduran farmers often invest nothing in their land or use land in an environmentally destructive way because they do not own the fields where their crops grow. Under the new plan, ownership will give them the incentive to keep the lands productive for

See, HONDURAS, *page 7*

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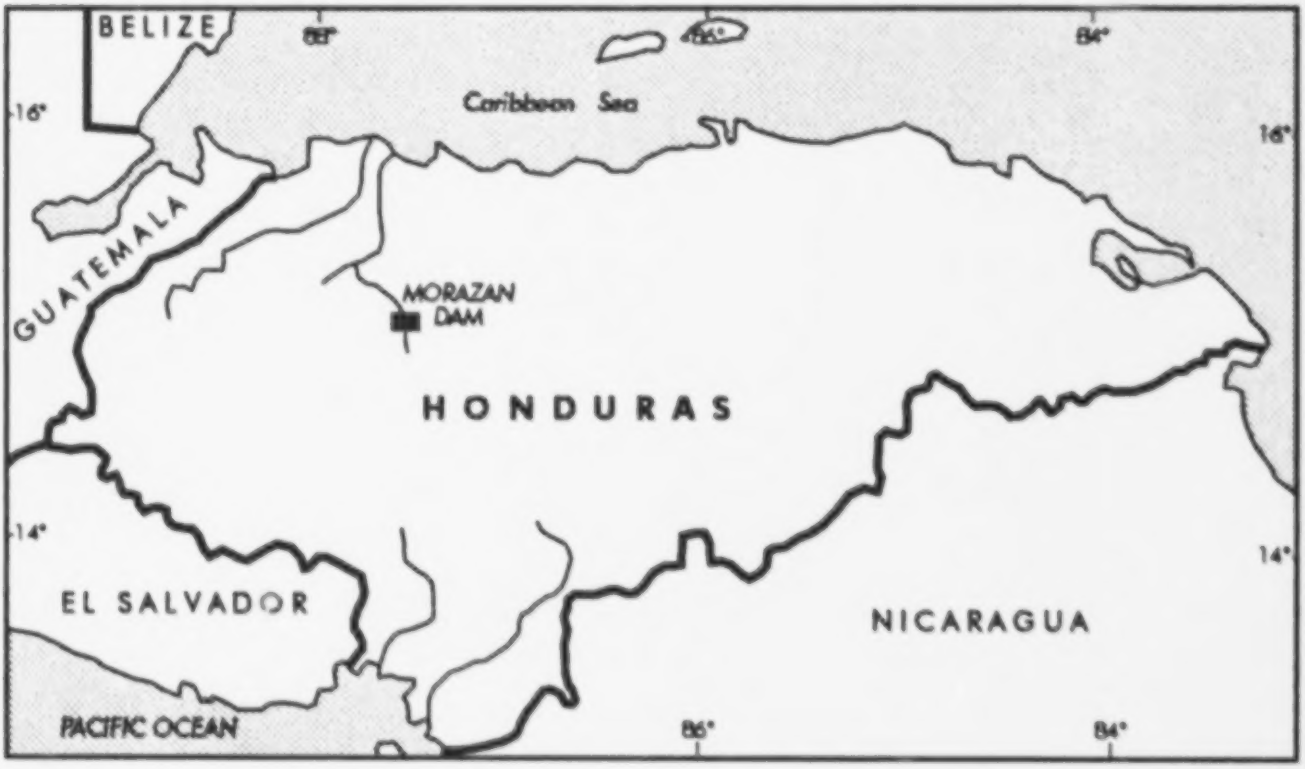


AUGUST 1992

WBN August 30, 1993
READEX
FICHE

Date	Event	Sponsor	Location	Telephone
SEPTEMBER				
6-11	International Symposia on Industry and Environment in the Developing World	UNESCO for Western Asia	Cairo, Egypt	(962-6) 694-351 ext. 603
7-11	The New Development Paradigm: Organizing for Implementation	UNDP, Organizing for Development, An Int'l. Institute	Virginia	(202) 483-6344*
7-10	International Conference on HIV In Children and Mothers	Pediatric AIDS Resource Center	Edinburgh, U.K.	(44-31) 668-4407
9-10	Pakistan Consortium Meeting	World Bank	Paris	(33-1)40-69-3016
9-10	Conference on Portfolio Investment Flows to Developing Countries	World Bank	Washington	(202) 473-3914*
9-12	The Industry Summit	World Economic Forum, Harvard University, MIT	Boston, MA	(41-22) 736-0243
14	*Water Policy Paper*: Press Briefing	World Bank	Washington	(202-473-1785*
14	Press Conference: *IFC Annual Report*	Int'l Finance Corporation	Washington	(202(-473-0393*
14-15	Meeting on Participatory Development and Good Governance	OECD-Development Assistance Committee	Paris	(33-1) 45-24-8200
15	*Annual Report 1993*: Press Briefing	World Bank	Washington	(202)-473-1784*
15	Publication of *IFC Annual Report*	Int'l. Finance Corporation	Washington	(202)-473-0393*
15-17	U.S.-Africa Telecoms and Broadcasting Conference	*Africa Communications*	Washington	(202) 667-2111*
20	Publication of *World Bank Annual Report 1993*	World Bank	Washington	(202) 473-1784*
20-22	International Conference on Sustainable Development and "Partnerships for Change"	United Kingdom	Manchester, U.K.	(44-71) 276-8168
20-23	Towards Education for All	University of Brunei Darussalam	Brunei Darussalam	(673-2) 427001
20-24	General Conference	Int'l. Atomic Energy Agency	Vienna	(43-1) 23600
22-25	World Bank/IFC Annual Infrastructure Symposium	World Bank, IFC, World Econ. Development Congress	Washington	(202)-467-3909*
23-24	Meeting of Deputies	Group of 24	Washington	(202) 473-1784*
24	*East Asian Miracle*: Press Briefing	World Bank	Washington	(202)-473-2475*
24	*Environment Report 1993*: Press Briefing	World Bank	Washington	(202)-473-1788*

Editor's Note: *Development Agenda* is a feature that alerts journalists to key news events in the field of economic development. Journalists should contact sponsoring agencies for details about each event. Asterisk (*) indicates telephone number is in the U.S.A. All other telephone numbers include country and city codes.

PUBLICATIONS

Denying Education to Women Impedes Development

EDUCATION, *from page 1*

both individual and national well-being," says the study. "This failure exacts a high cost—in lost opportunities to raise productivity, to increase income, and to improve the quality of life."

Elizabeth King

The study is the first chapter in an eight-part book on women's education in developing countries. The study was written by Elizabeth King, a senior economist in the World Bank's Policy Research Department, and Anne Hill, professor of economics at Queens College and a senior research associate at the City University of New York. Other chapters of the book focus on aspects of women's education in parts of the developing world and report regional results. Also reviewed are many past and ongoing programs designed to increase the participation of girls in school in different countries.

The study focuses on educational improvements in 152 developing countries between 1960 and 1985. Although it reports gains for both boys and girls, it says developing countries' education for girls still trails behind boys and behind education achieved in the industrialized world.

Many societal and cultural influences keep girls out of school, the study reports. For example, some parents keep girls at home if the distance to school is too great. Others won't allow their daughters to attend schools that have no female teachers or separate bathrooms for girls.

But economics play perhaps the biggest role in the gap between girls' and boys' education. In many developing countries, parents simply keep their daughters at home to help out with household chores or to work in family enterprises.

"In most places, girls work more in the home and marketplace than boys. They cook, clean house, fetch water, and help their mothers care for younger children, especially those who are ill. Besides lost work, parents may feel that girls are forgoing important childcare, household and craft training at home if they go to school," the study reports.

Girls trail boys in three main measures of education, says the study. Girls are generally less literate than boys, fewer girls enroll in school and more girls drop out of school at an earlier age than boys.

Although the ability to read and write is almost thought of as a basic human right, many women in the developing world are illiterate. In 14 countries studied, fewer than one in five women could read or write.

Enrollment rates differ by region. In East Asia, Latin America and the Caribbean, boys and girls have reached fairly equal levels of primary education. But in South Asia and sub-Saharan Africa, girls attend school at a much lower rate than boys. In secondary education, girls have gained ground in East Asia but have fallen behind elsewhere in the developing world. But although women still lag behind men in higher education, more women are leaving traditionally "female" fields like humanities, home economics and the arts, and entering male-dominated fields such as business, public administration and medicine.

Even when girls enroll in school, the study says, most drop out at an earlier age than boys. On average, 10 percent of girls in low-income countries leave primary school before finishing, compared with 8 percent of boys. Also, as incomes rise, so does the number of years girls stay in school. In low-income countries, girls attended an average of 3 years of school while boys stayed in class for 5 years. In contrast, both boys and girls attended school for an average of 10 years in upper-middle income countries.

Denying education to women can retard a country's development, says the study. Educating women can help raise a country's standard of living, economic

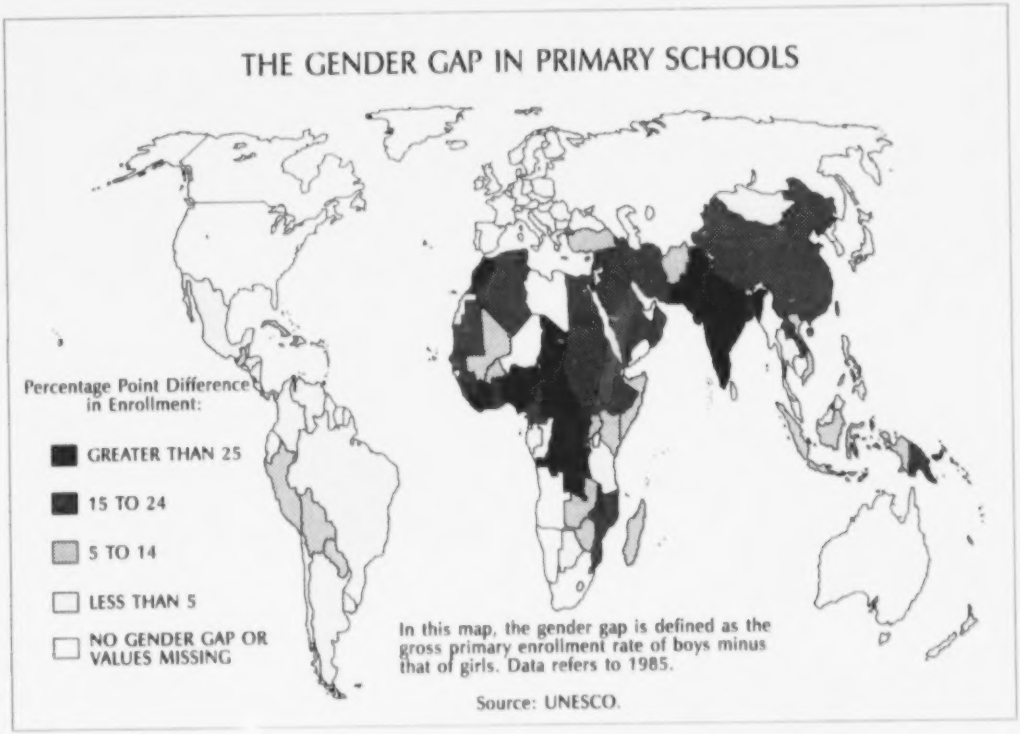
United Nations/John Isaac

Girl studies for class in Fayum, Egypt.

output and life expectancy, while lowering infant, maternal mortality and total fertility rates.

Better-educated women are more productive at home and in the workplace, the study says. They have fewer and better-educated children and raise healthier families. "The benefits of improving female education go beyond increasing individual productivity and income," says the study. "When fertility decreases, population pressure eases. When a family's health improves, life expectancy increases and the quality of life rises, not only for the family, but also for the community. A country's failure to raise the education of women to the same level as that of men imposes a substantial cost on its development efforts. Unless the gender gap in education is closed, desired improvements in social indicators can be achieved only at much higher levels of economic growth."

Women's Education in Developing Countries is priced at $34.95. Journalists may receive complimentary copies by writing on company letterhead to the World Bank, Office of the Publisher, Marketing Unit, Room T-8054, Washington, D.C., 20433, U.S.A. Fax: (202) 676-0579. □


THE GENDER GAP IN PRIMARY SCHOOLS
Percentage Point Difference in Enrollment:
GREATER THAN 25
15 TO 24
5 TO 14
LESS THAN 5
NO GENDER GAP OR VALUES MISSING
In this map, the gender gap is defined as the gross primary enrollment rate of boys minus that of girls. Data refers to 1985.
Source: UNESCO.

Developing Countries Need to Focus Education on Girls

Developing countries need to steer away from "gender-neutral" education programs and start targeting girls, Elizabeth King, World Bank economist and co-editor of Women's Education in Developing Countries, said in a recent interview.

In the past, the Bank assisted developing countries in launching education efforts aimed at both boys and girls. But in countries with low enrollment rates at the primary and secondary levels, the Bank needs to urge countries to focus on bringing more girls into school.

"Developing countries should close the education gap between boys and girls because doing so can yield big gains for development," she said. "East Asia is a good example of how improving women's education can help economic growth. As East Asia took the lead in bringing female and male enrollment rates closer together, the region's economy gained more skilled workers for its diversifying economies."

"But the education of girls and women can have an even more critical effect on the poorest countries. Studies have shown that whether a mother is literate or not, knowledgeable or not about hygiene and sanitation practices, for example, can mean a matter of life or death to young children, especially when public services are missing."

"Any country that does not educate girls is excluding half of the population from contributing to economic growth," said King. "If a developing country expects to have a thriving economy in the next decade, it needs to start educating more girls now. After all, it may take a generation for parents to pass on the benefits of their own education to their children. But once a country starts, it will realize that education begets education."

PUBLICATIONS

Women Face Barriers in Turkey's Economy

Turkey radically changed its laws regarding women's rights in 1926 and women responded to opportunities that suddenly became available to them. After years of segregation, women began to enter public office and take up jobs long denied them by law, culture and tradition.

But seven decades after the reforms, most Turkish women still face a slew of obstacles which limit their choices in life, says a new World Bank study. Although Turkey recently made history by electing its first female prime minister, the study says, Turkey needs to do more to bring women into the mainstream of economic life.

"Turkey's continued rapid development and integration into Europe will be facilitated if the constraints faced by women with respect to human and productive resource development are alleviated," says the study, *Turkey, Women in Development*.

"Notwithstanding the far-reaching reforms introduced in the early Republican era, women's access to services...remain limited. The majority of women face limited economic opportunities and continue to occupy subordinate positions in the household and the economy."

Overall, Turkish law treats women the same as men, according to the study written under the direction of World Bank staff member Sandra Hadler. But many regulations, some aimed at protecting women from dangerous jobs, prevent women from fully taking part in the Turkish economy. Women's progress is also blocked by culture, tradition, unequal education, unfair labor practices and a serious lack of access to credit.

Also, although the government has tried to focus more on women's issues in recent years, government efforts often fail. Many training programs for women do not raise women's income and many trainees end up in marginal jobs.

Turkey is at a crossroads in developing the potential of its women, the study says. Like many Western countries after World War II, Turkey saw a sharp drop in its number of working women. But while women in other countries have reentered the labor force in recent years, Turkey's women have still not regained their positions.

To spur that rebound, Turkey must train more women in a broad range of skills and open up productive and nontraditional jobs for women, says the study.

If Turkey could raise the percentage of women working from 33 percent to 50 percent to match Western countries, it could boost the total of Turkish working women from 6.5 million to 9.5 million.

Turkey also needs to eliminate laws that effectively prohibit women from some jobs, make market rules more flexible, speed up ongoing reforms and improve women's access to credit. Counting the contributions of women to the informal sector recognizes their importance to the Turkish economy.

Aside from economic disadvantages, Turkish women also lag behind in many measures of health. Although women have improved their life expectancy from an average of 55 years in the 1960s to 69 years today, women still make up a smaller part of the Turkish population than men. While women account for an average of 52 percent of the population in industrialized countries, they comprise only 49 percent in Turkey. Limited access to reproductive-health services partly explains the gap, the study says.

To improve the health of women, Turkey needs to beef up health and family-planning services, says the study. Programs for women can be improved ranging from better distribution of iron tablets for anemic women to introduction of more modern methods of family planning.

Turkey, Women in Development is priced at $11.95. Journalists may receive complimentary review copies by writing on company letterhead to the World Bank, Office of the Publisher, Marketing Unit, Room T-8054, Washington, D.C., 20433, U.S.A. Fax: (202) 676-0579. □

Women farmers in Adana, Turkey, produce fruits and vegetables for export.

Women Can Play Key Role in Reducing Poverty In Uganda, New Study Says

"The essence of women's distinctiveness lies in the multiplicity of their roles. Most men can confine themselves mainly to being producers. Most women, in addition to being heavily involved in economic production, take prime responsibility as home managers, child bearers, and carers of the children and elderly...In consequence, women work longer hours than men, usually with smaller resources, fewer opportunities, and lower rewards. Inequities, in fact, typify gender differences."

—Mary Chinery Hesse, *Engendering Adjustment for the 1990s*, report of a Commonwealth Expert Group on Women and Structural Adjustment, Commonwealth Secretariat, London, 1989.

In recent years, the Ugandan government has taken important steps toward raising the status of women but it still has a long way to go, says a new World Bank report. As Uganda tries to tackle poverty and nurture economic growth in the 1990s, it needs to give special attention to the role of women, says the report, *Uganda—Growing Out of Poverty*. While culture and traditions may be tough to surmount, Uganda must create a "level playing field" for both men and women to take part in boosting the Ugandan economy.

"While there has been progress, it is clear from the picture of women's status and the constraints they face that much more remains to be done, if women are to be empowered to fulfill their economic and social roles," says the report.

The report examines how the adjustment policies of the past five years have affected Uganda's poor and calls for a two-part strategy for reducing the country's poverty. While providing critical social services, Uganda must create policies that increase labor productivity and boost economic growth, it says.

To allow women to take part in the effort, the report says Uganda needs to launch a handful of policy changes. First, Uganda must reform its laws to protect women's legal rights. By changing laws, Ugandan women can better benefit from their own labor and have greater access to economically productive resources. By obtaining capital and land, for example, women can take part more equally in household, community and national decision-making.

Second, women's productivity must be raised, the report says. That requires the government to invest more in education and affordable health care and raise women's access to information. Third, the work women do at home must be made easier and more time-efficient by improving infrastructure that women often use such as roads, markets and water supply networks. Finally, the Ugandan government needs to reduce the risk of AIDS, especially among young girls.

Despite the challenges ahead, the current government of Uganda has made progress in recognizing the importance of women's contributions to economic and social development since it took power in 1986. It has launched measures, some of which are unique in Africa, that promote women's role in politics, address women's issues in public policy and that tackle bias against women.

Uganda—Growing Out of Poverty is priced at $12.95. Journalists may receive complimentary review copies by writing on company letterhead to the World Bank, Office of the Publisher, Marketing Unit, Room T-8054, Washington, D.C., 20433, U.S.A. Fax: (202) 676-0579. □

Armenia Joins IDA

The Republic of Armenia joined the International Development Association (IDA) on August 25.

Armenian Ambassador to the United States Rouben Shougarian signed IDA's articles of agreement on behalf of the country.

The number of countries that have joined IDA now totals 153.

Bank Opens Office In Jamaica

The World Bank is opening an office in Kingston, Jamaica. Robert Pulley, a U.S. national, has been appointed chief of the new office. He will take up his post in January 1994. Pulley joined the Bank in 1987.

LENDING

Honduras Extends Rights for Women

HONDURAS, *from page 2*

the next growing season," she says.

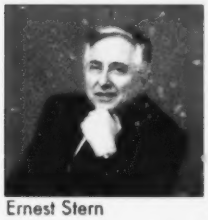
The law also changes agriculture in other ways. Equal rights for women in the agrarian reform process and credit will be supported, and the environment will be better protected. Legal provisions that have promoted deforestation will be eliminated, for example. And the law will promote improved management of protected forest areas and biodiversity conservation. Besides supporting the agriculture reforms, the IDA credit will also help pay for general imports of goods and relevant foreign services needed in the Honduran economy. □

Public Information Center to Open in 1994

INFORMATION , *from page 1*

tal and other issues, and names of government agencies that can provide information about the project.

• Environmental Assessments —which review the potential environmental impact of individual projects (including issues relating to resettlement and indigenous people) — will now be broadly available. In addition, the Bank will encourage all borrowers to make public their "environmental action plans," which provide an overview of the government's environmental concerns, priorities and programs.


Ernest Stern

• Project appraisal reports will also be made publicly available after projects are approved by the Bank's Board. These reports cover the technical, institutional, economic and financial aspects of proposed projects and lay the foundation for implementing and evaluating them.

• Summaries of evaluation reports prepared by the Bank's independent Operations Evaluation Department will be included in the expanded list of public documents. These reports point out lessons to be learned from a project after completion.

• Country Economic and Sector Reports will be published by the Bank. These reports include information about a country's economy, particular sectors, poverty assessments, private sector assessments and public expenditure reviews.

• Sectoral Policy Papers, once approved by the Board, will be published.

All of these documents will be available at a new Public Information Center to be established by the Bank. The Center will service the Bank's member countries worldwide through its field offices.

When the new Center is opened (in January 1994) it will offer, through a computer network, a complete set of Public Information Documents, as well as a catalogue of documents publicly available under the new policy.

In introducing the new policy, the Bank noted that concerns raised by borrowing governments regarding disclosure had been taken into account and that the new policy "properly balances the benefits of sharing information with interested parties, the integrity of the decision-making process and our ability to serve effectively as advisors to our borrowers." □

China Can Ensure 'Soft Landing' for Economy

China needs to take quick action to stop its economy from overheating, according to a World Bank report released on August 25.

The report, *China: Reform and Development in 1993*, says that the country's 14 percent growth rate in 1992 and 1993 is evidence of economic overheating and asserts that growth at such high rates aren't sustainable. Still, the report says the situation is not out of control. "The application of a range of tightening measures could permit the economy to have a soft landing and eliminate the overheating."

China: Reform and Development in 1993 is priced at $6.95. Journalists may receive complimentary review copies by writing on company letterhead to the World Bank, East Asia Public Affairs Office, Room E-10-000, Washington, D.C. 20433, U.S.A. Fax: (202) 477-1837.

Press Advisory

Seminar on Water Resources Will Take Place in Spain

The World Bank and the Autonomous Government of Galicia, Spain are cosponsoring a seminar to show how Latin American countries can benefit from lessons learned by Spain in managing water resources.

Journalists are invited to attend the seminar, which will take place in La Coruna from September 13 through September 17. Manuel Fraga Iribarne, President of the Xunta de Galicia, will open the seminar.

For more information, contact Ciro Gamarra at the World Bank's headquarters: (202) 473-8721.

WORLD BANK NEWS

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The World Bank Group is the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). IBRD is the main lending arm of the World Bank. IDA is the World Bank affiliate that lends on concessional terms to the poorest countries. IFC finances private sector projects and advises businesses and governments on investment issues. MIGA promotes foreign direct investment through guarantees, policy advice, and promotional services.

WORLD BANK NEWS

Volume XII, No. 33 September 2, 1993

Privatization Progresses in FSU But Obstacles Remain

Since the 15 states of the former Soviet Union (FSU) embarked on the road to privatization, some 77,000 public enterprises have been transferred to private hands. But despite the progress, the pace has been slower than expected, with some states lagging far behind others, says a new World Bank report.

To give economic reforms a boost, the FSU states must do more to pursue the "ambitious" task of privatizing their remaining businesses, says the report, *Privatization in the Republics of the Former Soviet Union: Framework and Initial Results*.

"The long-term sustainability of privatization plays a vital role in the economic transformation of the FSU," says the report by the Bank's Legal Department and the Cofinancing and Financial Advisory Services Department (CFS). "In light of the slow pace of privatization to date, the FSU republics need to accelerate their preparatory work for privatization and move on a fast track for implementation on all fronts."

The report gives a snapshot of the progress of privatization in all 15 FSU states up to March 1993, says Robert Jalali, a Bank consultant and co-author of the study. Bank economist Jamal Saghir and legal consultant Soo Im were the other co-authors.

Jalali says some 6,800 state-owned enterprises (SOEs) were privatized worldwide from 1980 to 1991. But the FSU has done far more than that in a brief time and still aims to sell off more than 85,000 medium and large SOEs.

"The scale of privatization in the FSU is unprecedented in history," Jalali says. "This report says that given what the FSU faces, most states have done very well."

Several states have done better than others in launching privatization plans. So far, Kazakhstan, Kyrgyzstan,

See **PRIVATIZATION**, *page 4*

IFC

Man bids for state-owned truck during auction in Nizhny Novgorod, Russia.

Argentina began privatizing state-owned enterprises in mid-1989. After only four years, the program has raised billions of dollars for the government and cancelled billions more in enterprise debt.

2

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Georgia joins IDA, page 4

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Press advisory, page 4

Privatization in Argentina Dubbed "Impressive"

Argentina's $18 billion privatization effort may rank among the most "impressive" in the world, says a new World Bank report.

Since Argentina launched the program four years ago, it has sold off a long list of public enterprises, from petrochemical businesses to grain handling and military hardware ventures. But while privatization has made Argentina more financially sound, the government still has a lot of work to do, says the report, *Argentina's Privatization Program.*

The report was published by the Bank's Private Sector Development and Privatization Group Cofinancing and Financial Advisory Services (CFS), and written by Myrna Alexander, the Bank's former resident representative in Buenos Aires, and Carlos Corti, a Bank economist.

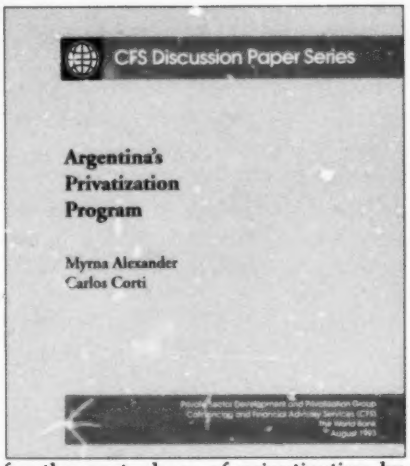
"Argentina's privatization program should have a significant impact on reducing chronic federal government fiscal deficits and restoring public finances," the report says. "It could also lead to a revival of domestic investment and a recovery of economic growth. Nevertheless, the process of transformation in Argentina is not over and several years will pass before conclusive results of the program of economic reforms—in which privatization plays a major role—are available."

The authors say that Argentina's privatization effort has been "exceptional" because it covers a wide range of businesses, uses a variety of methods to sell off the enterprises and because it yields huge revenues for government coffers, says the report. Proceeds so far have totaled $5.3 billion in cash and cut public debt by $6.8 billion, while also bringing in $2.6 billion in cash equivalent. About $12 billion in total debt was cancelled by the privatization program and the sales also eliminated the need for some $5 billion in annual federal subsidies for public enterprises. The sales of $18 billion worth of businesses were also done with "great speed."

"The program was implemented at a very fast pace since it began in mid-1989 and will have been completed in less than four years. By way of comparison, the United Kingdom's program has extended over 10 years," it says.

The report also praised the Argentinian government for tackling "politically sensitive areas," including strategic industries controlled by the Ministry of Defense and public monopolies in railways, petroleum, water, gas and electricity.

Still, the government must now prepare for the next phase of privatization by continuing to support the process. For example, regulatory frameworks must now be put in place to make the operation of privatized companies sustainable. The government must also ensure that the capital markets function efficiently to provide the resources to restore basic services. After years of neglect by public enterprises, up to $32 billion may be needed by the year 2000 to improve the services, the report says. Also, the government must be prepared for the possibility that private operators may fail in the future.



But overall, Argentina's quick privatization of its bloated public enterprises offers an "optimistic" vision for Argentina's economy.

"At worst, the performance of the new privatized companies still ought to be an improvement over that of the former public enterprises and a step in the right direction," says the report. "At best, privatizations will have contributed significantly to restoring the financial viability of the public sector, to increasing investment, and to improving public services, thus providing the underpinnings for Argentina's future economic growth."

Argentina's Privatization Program is available free of charge. Journalists may receive copies by writing on company letterhead to the World Bank, Room Q-5030, 1818 H Street NW, Washington, D.C., 20433. Fax: (202) 477-3045.□

Proceeds Received From Privatizations to Date

	Cash (US$millions)	Cancelled Public Debt (US$millions)
Entel	2,271	5,000*
Aerolineas Argentinas	260	1,610*
Petrochemicals	53	
Oil Fields (YPF)	1,560	
Power (SEGBA, AyE)	308	955
Real Estate	107	
Steel Companies	143	40
Natural Gas	300	2,651
Water	—	—**
Ports	14	

*face value

**award made on the basis of lowest tariff; no payment made for concession

DEVELOPMENT AGENDA

Date	Event	Sponsor	Location	Telephone
SEPTEMBER				
6-11	International Symposium on Industry & Environment in the Developing World	UNESCO for Western Asia	Cairo, Egypt	(962-6) 694-351 ext. 603
7-11	The New Development Paradigm: Organizing for Implementation	UNDP; Organizing for Development, An Int'l. Institute	Virginia	(202) 483-6344*
7-10	International Conference on HIV In Children and Mothers	Pediatric AIDS Resource Center	Edinburgh, U.K.	(44-31) 668-4407
8-11	Conference on Social Development and Poverty	World Bank, Gov't. of Mexico, UNDP	Oaxaca, Mexico	202-473-8721*
9	*IFC Annual Report*: Press Briefing	Int'l. Finance Corporation	Paris	(33-1)45-24-8200
9-10	Conference on Portfolio Investment Flows to Developing Countries	World Bank	Washington	202 473-3914*
9-12	The Industry Summit	World Economic Forum, Harvard University, MIT	Boston, MA	(41-22) 736-0243
14	*Water Policy Paper*: Press Briefing	World Bank	Washington	202-473-1785*
14	Press Conference: *IFC Annual Report*	Int'l Finance Corporation	Washington	202-473-0393*
14-15	Meeting on Participatory Development and Good Governance	OECD-Development Assistance Committee	Paris	(33-1) 45-24-8200
15	*World Bank Annual Report 1993*: Pre-publication Press Briefing	World Bank	Washington, Paris	202-473-1784* (33-1)45-24-8200
15	Publication of *IFC Annual Report*	Int'l . Finance Corporation	Washington	202-473-0393*
15-17	U.S.-Africa Telecoms and Broadcasting Conference	*Africa Communications*	Washington	(202) 667-2111*
20	Publication of *World Bank Annual Report 1993*	World Bank	Washington	(202) 473-1784*
20-22	International Conference on Sustainable Development and "Partnerships for Change"	United Kingdom	Manchester, U.K.	(44-71) 276-8168
20-23	Towards Education for All	University of Brunei Darussalam	Brunei Darussalam	(673-2) 427001
20-24	General Conference	Int'l. Atomic Energy Agency	Vienna	(43-1) 23600
24	*East Asian Miracle*: Press Briefing	World Bank	Washington	202-473-2475*
24	*Environment Report 1993*: Press Briefing	World Bank	Washington	202-473-1788*

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Most Privatized Businesses Are Small Firms

PRIVATIZATION, *from page 1*

Lithuania and Russia have led the way, the report says.

The report credits the progress to the states' success in laying the basic groundwork for privatization. But many legal and institutional barriers still remain in the way of further privatization, especially for large and medium SOEs.

To pave the way for selling off all FSU enterprises, the states must first clear up the blurred issue of property and ownership rights, the report says. Although all states allow private ownership, the definition of ownership remains unclear in many states. Often, states have approved conditions that make it easier for the government to encroach on the rights of new owners after the sale.

Second, the FSU states must complete the details and fine print of privatization laws. Currently, each state has basic privatization laws in place but almost all do not have supporting regulations and laws, which causes large gaps in many cases.

Third, the states must lift barriers that block the way of foreign investors who have so far played only a limited role in pouring money into cash-starved enterprises. Regulations on hard currency transactions, for example, and special exchange rate rules must be clarified and the states must create dispute resolution mechanisms and fair compensation rules. The states must also review employee ownership schemes and improve administration of privatization plans.

Overall, small business privatization in the FSU has proceeded well. Some 67,000 of the 77,000 businesses privatized so far are small firms, mainly in the retail, trade and service areas. Most have been sold off through auctions, competitive bidding, tender offers or leasing arrangements. Privatizing the FSU's small businesses helps lay the groundwork for a market economy, says Jalali.

"You need to privatize the small enterprises first because the process provides an infrastructure for a market economy. But the process also raises the wealth of the middle class who can then re-invest in medium and large enterprises," he says.

Privatization in the Republics of the Former Soviet Union: Framework and Initial Results is available free of charge. Journalists may receive copies by writing on company letterhead to the World Bank, Room Q-5030, 1818 H Street NW, Washington, D.C., 20433, U.S.A. Fax: (202) 477-3045.□

Georgia Joins IDA

The Republic of Georgia joined the International Development Association (IDA) on August 31.

Georgia's ambassador to the United States, Petre Ckhaidze, signed IDA's articles of agreement on behalf of the country.

The number of countries that have joined IDA now totals 154.

Cousteau to Speak at Environmental Conference

A World Bank-sponsored conference on "valuing the environment" will feature talks by well-known environmentalists, including Jacques-Yves Cousteau.

Journalists are invited to attend the two-day conference which starts on September 30 and will take place at the World Bank's "H" auditorium at 600 19th Street N.W. in Washington, D.C.

A press briefing is tentatively scheduled for 5:30 p.m. on October 1. World Bank Vice President for Environmentally Sustainable Development Ismail Serageldin will lead the briefing.

For more information, contact Al Drattell at (202) 473-1787.

Conference to Examine Portfolio Investment

The World Bank is sponsoring a conference on September 9 and 10 to discuss the rapid rise of portfolio investment in developing countries. Papers will be presented by academics, investors and official agencies.

Journalists are welcome to attend the conference, which will be held in the Bank's "H" auditorium (enter on G Street N.W. between 19th and 20th streets). For more information, contact Bill Brannigan at (202) 473-1784.

WORLD BANK NEWS

Richard Kollodge, Editor
Cynthia Delgadillo, Production Assistant
Andrew Kircher, Reporter

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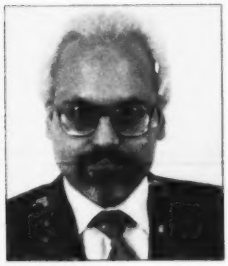
The World Bank Group is the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). IBRD is the main lending arm of the World Bank. IDA is the World Bank affiliate that lends on concessional terms to the poorest countries. IFC finances private sector projects and advises businesses and governments on investment issues. MIGA promotes foreign direct investment through guarantees, policy advice, and promotional services.

WORLD BANK NEWS

Volume XII, No. 34 September 10, 1993

Information Technology Is Good News for Development

During the past decade, information technology has staked an ever bigger claim in the world economy. Today, hardly any business or government office in the industrialized world goes without computers, faxes and telephones.



Nagy Hanna

But just as industrialized countries start to reap the benefits of information investments, many developing countries are missing out on the payoffs, says a new World Bank report. Increasingly, the trend is opening a new divide between fast-moving, information-rich countries and slower, information-poor economies.

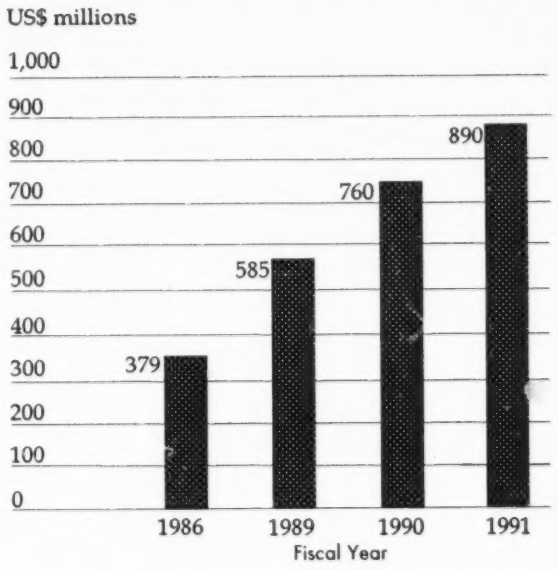
To close that divide, developing countries need to use more information technology, and the World Bank must improve the way it helps those nations enter the information age, says the report, *Information Technology in World Bank Lending: Increasing the Developmental Impact.*

"Information technology can pay off dramatically for developing world governments and businesses, but only if it is used the right way," says Nagy Hanna, principal economist in the Bank's Asia Technical Department and author of the study. "And that is where the Bank fits in. If the Bank wants to stay relevant in coming years, it must move from an industrial age mindset to an information age focus. In the industrial age, markets used capital, labor and natural resources as the three basic inputs. But information, including knowledge, is now becoming a fourth and critical factor of production."

World Bank lending for information technology has jumped six-fold since 1986. But Hanna says the funds have been loaned on a project-by-project basis, often as an afterthought and with no guiding focus. Today, the Bank needs to start evaluating information needs in every project it funds and begin lending "strategically," by steadily building up information systems in each country.

See TECHNOLOGY, *page 2*

World Bank Lending For Information Technology



INSIDE

Since 1985, Turkey has been rapidly moving into the "information age." But a new study says the country still has far to go. **3**

Development agenda, page 4

Annual meetings calendar, page 5

Press advisory, page 6

Technology Helps Governments Make Informed Decisions

TECHNOLOGY, *from page 1*

"The Bank and its borrowers are currently missing opportunities to improve their use of information," says Hanna. Hanna calls on the Bank, its borrowers and other aid agencies to better coordinate and plan investments in information systems. Currently, the Bank and many of its borrowers do not link new investments in information technology, which can leave countries with an unworkable hodgepodge of incompatible computers and software.

The Bank must also improve training for government officials, many of whom are underskilled in information systems, says Hanna. He adds that Bank lending has allocated a disturbingly low amount of money toward training local people to maintain computer networks once they are on line.

"Government officials, business managers and workers in many developing countries currently do not have enough information to make the right decisions," he says. "But information systems can help give them the relevant information needed. Information technology, if used correctly, can help increase worker productivity, make governments and companies more flexible, and improve decision-making. In the long-run, it can make governments more accountable and coordinated and could allow them to respond better to social needs."

The Bank and borrowing countries must also experiment more with information technology, adds Hanna. Applying new technology to development problems may yield surprising answers and help countries reach their developmental goals. He says innovative uses in developing countries can improve environmental management, support private sector development and promote grassroots participation in development projects.

For years, some experts have doubted whether developing countries could reap big benefits from information technology. Hanna says those doubts were often justified, especially in the 1980s when computers were starting to take hold but were not showing increases in worker productivity.

But used in the right way, information technology is now starting to show results in some developing countries, says Hanna. A recent survey showed that 78 percent of Bank staff in charge of projects said use of information technology was critical to achieving project goals.

In Mexico, for example, a new computer system has helped cut down on the time it takes for trucks to pass through 13 customs sites on the country's borders. In Nuevo Laredo, for example, the system helped cut the average transaction from 20 minutes to three minutes. If the other checkpoints make the same gains,

Continued to top of next page

Students at university in China finish assignments on computers.

Continued from previous page

Hanna says, Mexico could save $2 billion a year in processing costs.

Modernizing public institutions with information systems also saves money. In China, the Bank used computers to help pinpoint problems and regulate traffic in the country's railway system. The Chinese government used the system to draft a plan aimed at cutting bottlenecks by 10 percent, yielding some $4 billion of savings in railway construction costs by the year 2000. Information and communication systems are also helping streamline huge central bureaucracies in some developing countries. In Poland, a new Bank project supports a network linking labor and welfare offices to cope with rising unemployment claims.

Perhaps the greatest sign of the need for information systems has been the skyrocketing demand for funding from the Bank's borrowing countries. Lending for information systems rose from $379 million in 1986 to $890 million in 1991, and about 90 percent of Bank projects include some funding for information technology. By region, Eastern Europe lead the increase, having jumped from $66 million to $330 million, with Asia close behind.

The challenge for the Bank and other development agencies is to bridge the gap between common practices and "best" practices, adds Hanna. The payoffs of information technology investments are not automatic and best practices are a must to ensure and maximize the payoffs. Those include addressing managerial and institutional factors for successful use, building the needed learning environment within organizations and helping redesign business processes. It also means supporting countries in building capabilities and infrastructures to promote effective diffusion of the technology.

Information Technology in World Bank Lending, Increasing the Developmental Impact is priced at $7.95. Journalists may receive complimentary review copies by writing on company letterhead to the World Bank, Office of the Publisher, Marketing Unit, Room T-8054, Washington, D.C., 20433, U.S.A. Fax (202) 676-0579.□

PUBLICATIONS

Turkey Needs to Become More Computer-Friendly

Turkey must make a stark choice, says a recent World Bank report: try harder to make the Turkish economy more computer-savvy or continue to fall behind other middle-income countries which are rapidly making computers a way of life.

"Turkey has the potential to become an active player in the informatics revolution and an information hub in the global economy," says the study, *Turkey—Informatics and Economic Modernization*. But, it adds, "realizing this potential will require a long-term partnership between enlightened government policy and private entrepreneurship."

The study is the Bank's first-ever report on the field of informatics— a set of technologies dealing with information processing, storage, retrieval and transmission.

Since 1985, Turkey sank 1 percent of its national output into creating a communications network to serve its economy. Today, all parts of the country can access the network and more than half of the lines are digital, a ratio far greater than most Western countries.

Still, Turkey has not done enough to make information technology a part of everyday government and business activity, the report says. First, markets for computer hardware and software are virtually non-existent with the software industry stagnating in its infant stage. And while investment has been high, only $12 has been spent per capita on computers in Turkey, compared to $45 in Korea and $400 in Japan.

Second, computer education and training pales when compared to other countries. Many workers are not computer literate and those who specialize in computerization are scarce. Roughly 160 of every million Turkish students hold computer-related degrees while Mexico graduates 230 per million and Spain educates 550. Third, a monopoly in Turkish television and radio has a tight grip on the country's communications industry. In recent years, the stranglehold has prevented private companies from creating innovative systems and methods.

If Turkey wants to become more competitive in the world economy and improve its chances for better economic growth, it must cut the webs of interference keeping it behind other countries, the study says. One way is to stimulate the growth of private computer companies by eliminating barriers to competition, says the study. The effort to break apart the state radio and television monopoly must continue and the government must work more directly with companies in spelling out its computer needs and effectively using information technology.

Also, while the government has invested heavily in computer systems in the past decade, it must do more. The government needs to put a national computer-based data dissemination network in place and help tackle inter-agency, data-sharing problems. By doing so, the government can increase worker productivity and increase private sector access to public data.

Lastly, Turkey must also educate more staff in computers and change the education system to keep up with rapidly changing technology and applied-informatics research and development.

"The challenge facing Turkey," the study says, "is to turn her young population into a competitive resource in the international market, and to educate a new generation of informatics entrepreneurs."

Turkey—Informatics and Economic Modernization is priced at $15.95. Journalists may receive complimentary review copies by writing on company letterhead to the World Bank, , Marketing Unit, Room T-8054, Washington, D.C., 20433, U.S.A. Fax: (202) 676-0579.□

Date	Event	Sponsor	Location	Telephone
SEPTEMBER				
14-15	Meeting on Participatory Development and Good Governance	OECD-Development Assistance Committee	Paris	(33-1) 45-24-8200
15-17	U.S.-Africa Telecoms and Broadcasting Conference	*Africa Communications*	Washington	(202) 667-2111*
20	Publication of *World Bank Annual Report 1993*	World Bank	Washington	(202) 473-1784*
20-22	International Conference on Sustainable Development and "Partnerships for Change"	United Kingdom	Manchester, U.K.	(44-71) 276-8168
20-23	Towards Education for All	University of Brunei Darussalam	Brunei Darussalam	(673-2) 427001
20-24	General Conference	Int'l. Atomic Energy Agency	Vienna	(43-1) 23600
22-25	World Bank/IFC Annual Infrastructure Symposium	World Bank, IFC, World Economic Development Congress	Washington	(202)-467-3909*
23-25	Building the Integrated Global Economy	World Economic Development Congress	Washington	(202)-467-3909*
24	*East Asian Miracle*: Press Briefing	World Bank	Washington	(202)-473-2475*
24	*Environment Report 1993*: Press Briefing	World Bank	Washington	(202)-473-1788*
25-Oct. 1	International Conference on Sustainable Village-Based Development	Colorado State University Department of Civil Engineering	Fort Collins, CO	(303) 491-5753*
26-Oct. 1	International Congress on Nutrition	CSIRO	Adelaide, Australia	(61-8) 224-1800
27	Seminar on Energy and the Environment	World Bank	Washington	(202) 473-3412*
27	Conference on Traditional Knowledge and Sustainable Development	World Bank	Washington	(202) 473-3413*
27	Seminar on Investing in Health	World Bank	Washington	(202) 473-1784*
27	Seminar on Poverty, Progress & Policy	World Bank	Washington	(202) 473-1784*
27	Conference on Participatory Development and Indigenous People	World Bank	Washington	(202) 473-3413*
27-30	Today's Child, Tomorrow's World	National Association of Children's Hospitals	Atlanta, GA	(703) 684-1355*
30-Oct. 1	Conference on Valuing the Environment	World Bank	Washington	(202) 473-1787*
OCTOBER				
4-5	Asia-Pacific Region Business	*Asia Business Journal*	Boston	(617) 963-2938*

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Press Room at Annual Meetings Opens September 21

Registration for journalists planning to attend the 1993 annual meetings of the International Monetary Fund and the World Bank Group is under way.

Only "accredited" journalists may attend the meetings, and accreditation is limited to people whose primary profession is journalism. Journalists should send a completed "Request for Press Accreditation" form to the office of Graham Newman at the IMF Information Division.

To be accredited, members of the press must hold valid press credentials. For correspondents based in the Washington, D.C. metropolitan area, only press credentials issued by the White House, the U.S. Department of State, the U.S. Treasury Department, and the U.S. Department of Defense will be accepted. U.S. Congress press passes will not be accepted.

Journalists who are not based in the Washington metropolitan area and who hold no current press credentials must attach a signed assignment letter from their editor to the accreditation form.

Access to the press room, press conferences, briefings and other special events is restricted to registered participants. Press registration will begin at 9 a.m. on September 21 at the IMF Visitors' Center.

Press Accreditation

Contact the office of Graham Newman at the IMF Information Division for a "Request for Press Accreditation" form. Tel. (202) 623-7063. Fax (202) 623-6772.

Hotel Information

Journalists who have problems making arrangements for hotel accommodations should contact the IMF Information Division at (202) 623-7100—or send a fax to (202) 623-6772—for assistance.

World Bank

For information about events sponsored by the World Bank, contact Bill Brannigan at (202) 473-1784.

IMF

For information about events sponsored by the IMF, contact Graham Newman at (202) 623-7063.

Schedule of Events

The 1993 Annual meetings of the International Monetary Fund and the World Bank Group will take place in Washington, D.C. from Sept. 21 through Sept. 30 A partial and tentative schedule of events follows:

Date	*Time*	*Event*	*Location*
Sept. 21	9 a.m.	Press registration opens Press room opens	IMF Visitors Ctr.
Sept. 22	11 a.m.	**Press conference** *World Economic Outlook 1993*	IMF Meeting Hall
Sept. 23	9 a.m.	**Press conference** Michel Camdessus, Managing Director, IMF	IMF Meeting Hall
Sept. 25	t b.a.	**Press conference** Chairman, Group of 24 Ministers	IMF Meeting Hall
Sept. 26	t.b.a.	**Press conference** Chairman, Interim Committee	World Bank H Building Aud.
Sept. 27	t.b.a.	**Press conference** Chairman, Development Committee	IMF Meeting Hall
Sept. 28	10 a.m.	Opening Ceremonies and **Annual Address** by World Bank President Lewis Preston	Plenary Hall Sheraton-Washington Hotel
Sept. 30	7 a.m.	Press Breakfast	Cotillion Rooms
	8 a.m.	**Press Conference**, Lewis Preston President, World Bank	Cotillion Rooms
	Noon	**Press Conference,** Managing Director, IMF	Cotillion Rooms
	1 p.m.	Press Luncheon, hosted by M. Camdessus and L. Preston	Cotillion Rooms

Photo opportunities, on a pooled basis, will take place at the start of ministerial meetings. Contact Kathleen White at the IMF's Information Division for details about the photo pool. Tel. (202) 623-4899. Fax (202) 623-6772.

Press Advisory

Briefings on World Bank, MIGA Annual Reports Set for September 15

The World Bank approved a record amount of loans to developing countries and admitted 16 more nations to membership in fiscal 1993, which ended June 30.

Details of these and other World Bank activities can be found in the institution's *Annual Report 1993*, to be published on Sunday, September 19.

Journalists are invited to attend a pre-publication press briefing on the report on Wednesday, September 15 at 10:30 a.m. in the "J" Auditorium of the World Bank's building at 701 18th Street, N.W. in Washington. Tim Cullen, Chief of the World Bank's Information and Public Affairs Division, will lead the briefing.

Journalists are also invited to attend a pre-publication press briefing on the 1993 annual report of the Multilateral Investment Guarantee Agency (MIGA), a World Bank affiliate. The report shows that MIGA issued a record number of investment guarantees in fiscal 1993.

The briefing on the MIGA report will take place at 10 a.m. on the same date and in the same place as the briefing on the World Bank's report.

Executive Vice President Akira Iida will lead the MIGA briefing.

Information in the World Bank's annual report—and any comments made at the press briefing—is embargoed for release on September 19. Information in MIGA's annual report is embargoed for release on September 20.

For additional information about either briefing, contact Bill Brannigan at (202) 473-1784.

IFC to Hold Briefing for Annual Report

Executive Vice President William Ryrie will present the International Finance Corporation's 1993 annual report at a pre-publication press briefing.

The briefing will take place at 11 a.m. on Tuesday, September 14 in the visitor's center of the International Monetary Fund in Washington. The visitor's center is located at 700 19th Street, N.W.

The report and other information presented at the press briefing are embargoed for release until Wednesday, September 15 at 4 p.m. EDT (2000 GMT).

For more information, contact IFC's information staff at (202) 473-6005 or at (202) 473-5318.

Water Will Cost Developing Countries $700 Billion

Developing countries may need up to $700 billion for water-related investments during the next decade, according to a World Bank policy paper to be published on September 16.

Journalists are invited to a pre-publication press briefing on the paper, Water Resources Management.

The briefing will take place on September 14 at 4 p.m. in room 1050 of the Bank's "J" Building at 701 18th Street, N.W.

The paper and remarks made at the briefing are embargoed until 4 p.m. EDT on September 16 (2000 GMT).

For more information, contact Al Drattell at (202) 473-1787, Leandro Coronel at (202) 473-1788 or Lesley Simmons at (202) 473-1785.

WORLD BANK NEWS

Richard Kollodge, Editor
Cynthia Delgadillo, Production Assistant
Andrew Kircher, Reporter

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WORLD BANK NEWS

Volume XII, No. 35

September 16, 1993

ANNUAL REPORT 1993

Next Year's Lending Could Reach $27 Billion

The following stories on the World Bank's Annual Report 1993 *are embargoed for release on Sunday, September 19 at 4 p.m. EDT (2000 GMT).*

The World Bank expects total new lending commitments in the current fiscal year, which began July 1, to range from $24 billion to nearly $27 billion, according to the institution's Annual Report 1993, to be released in Washington on September 19.

Loans from the International Bank for Reconstruction and Development (IBRD) are expected to be between $17 billion and $19.5 billion while new credits from the International Development Association (IDA) are expected to total SDR 5.2 billion, currently equivalent to $7.3 billion.

Total Lending Commitments

($US millions)

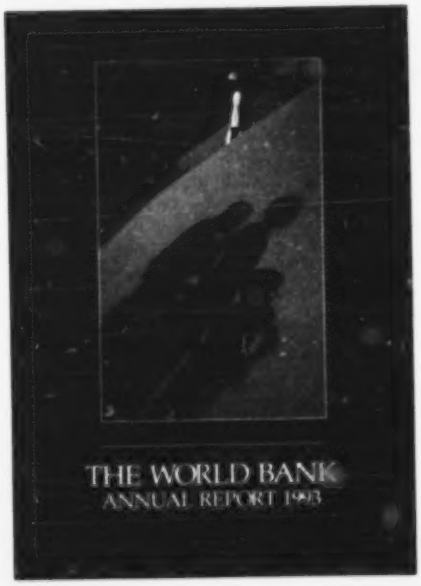
	1992	1993
IBRD	15,156	16,945
IDA	6,550	6,751

In fiscal 1993, which ended June 30, 1993, new lending commitments to developing countries from the IBRD and IDA totaled a record $23.7 billion. The comparable figure for fiscal 1992 was $21.7 billion.

IBRD loan commitments in fiscal 1993 amounted to $16.9 billion for 122 projects; $6.8 billion (SDR 4.8 billion) of IDA credits supported 123 projects. The respective totals for fiscal 1992 were $15.2 billion for 112 IBRD projects and $6.6 billion for 110 IDA projects. IBRD net income for fiscal 1993 was $1.1 billion, compared with $1.6 billion a year earlier.

On a sectoral basis, agriculture and rural development received the largest percentage of commitments, followed closely by transportation. Population, health and nutrition's share of total IBRD and IDA lending was up significantly from a year earlier, as was urban development. Adjustment lending accounted for 17 percent of total new IBRD and IDA commitments in fiscal 1993, compared with 27 percent the previous fiscal year.

See ANNUAL, *page 7*



West Bank and Gaza Strip need $3 billion of investments during the next 10 years, says a Bank report. 2

Czech Republic uses first Bank loan to improve the country's troubled telecommunications system. 4

East Asia and Pacific region report strong economic growth in 1992. Annual report shows other regional highlights for fiscal 1993. 8

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Press advisory, page 12

MEETINGS AND EVENTS

Occupied Territories' Investment Needs Estimated at $3 Billion

A just-completed World Bank assessment of the economies of the West Bank and Gaza Strip underscores the urgent need for a major upgrading of the physical and social infrastructure in the Occupied Territories.

Taking action is necessary, argues the report, which was released on September 10, not only to improve living conditions in the area directly but also to stimulate private sector investment which would have to be the main engine for future growth and employment. The report, *Developing the Occupied Territories: An Investment in Peace*, is based on intensive field work by the Bank staff over the past several months.

Caio Koch-Weser

"This Report is the product of the excellent collaboration that the World Bank staff received from the Palestinians, Israelis and Jordanians," said the Bank's Vice President for the Middle East and North Africa region, Caio Koch-Weser. "The Report, which was undertaken on behalf of the sponsors of the Middle East Peace Talks, provides a solid foundation for the international community to address the urgent development needs of the West Bank and Gaza Strip. "Such efforts," Mr. Koch-Weser stressed, "are necessary to enhance the chances for a lasting peace in the Middle East."

Priority investments in the public sector are conservatively estimated at about $3 billion over the next ten years, of which about $1.3 billion is needed in the next five years. Including the need for financing some recurrent expenditures during the early years, total external requirements are estimated at about $350 million a year. The focus of investment in the early years would be on the rehabilitation and upgrading of public infrastructure and services in water supply, sewerage, solid waste, road transport, electricity, education, and health. The priorities for the longer term include power generation, expansion of health, education and transport facilities, the modernization of educational curriculum and the strengthening of universities.

According to the report, generating sustainable development in the Occupied Territories will also require substantial private capital flows, totalling about $2.5 billion over the 10-year period. This should be feasible given the large and relatively prosperous expatriate Palestinian community. Attracting this capital, however, will require removing the perception of risk which has clouded the business environment in the area in the past. Continuing progress in the peace process as well as sound economic management by the Palestinian authorities will be essential in that respect. The report cautions that the investment needs are estimated assuming no major movements in population. The investment requirements would be larger to the extent that Palestinians living abroad move back in the context of the peace negotiations.

To ensure that the scarce aid resources would make the greatest possible contribution to improved living standards in the area, detailed project feasibility studies and sectoral analyses are needed in many cases, according to the report. In addition, substantial technical assistance and training are urgently needed to foster institutional development and enhance implementation capacity. Because of their critical importance, the report recommends that the preparatory studies and institutional development activities should be initiated without delay.

Noting the range of investment and technical assistance needs of the West Bank and Gaza outlined by the report, Mr. Koch-Weser, who visited the territories last April, stated that "the World Bank stands ready to explore with the donor community how the technical and financial needs of the West Bank and Gaza can be funded. The Bank would also be ready to help in coordinating such assistance".

For more information, contact Abdallah Bouhabib at (202) 473-4784.□

Portfolio Investment Symposium Draws 300

Portfolio flows to developing countries have increased dramatically, and almost half of all aggregate external financing of developing economies comes from private sources into private destinations, according to Michael Bruno, the World Bank's new chief economist and vice president for development economies.

Bruno, who joined the Bank on September 1, made his remarks at the World Bank's headquarters at the opening of a two-day symposium on portfolio investment in developing countries on September 9.

Bruno said that portfolio flows—bonds and stocks—have quadrupled during the last four years and are now about 20 percent of total external financing. For Latin American countries, it reaches 50 percent. "It is also a phenomenon of a small tail that can wag a large dog—a very small change in portfolios of the industrial countries, which are still very much home-biased, can lead to large changes in the flows to developing countries, and that is, of course, what has happened," Bruno pointed out. He listed among the reasons for this the improved

Story continued to top of next page

Portfolio Flows Up Sharply, Bank Official Says

continued from previous page

macroeconomic performance in the recipient countries: the adjustment to structural reforms that have taken place since coming out of the debt crisis. In addition, he said, there is the preponderance of the private sector in the incremental growth in many of these countries.

Michael Bruno

This does not mean that the governments don't have an important role to play, he stated. It is important to have the right institutional framework. Whether building up financial structures from scratch or improving existing institutions, there is a need for prudential and supervisory functions and government regulation.

The benefits of portfolio flows for developing economies, in comparison to the big flows of the 1970s, include the greater risk bearing by investors, greater diversification of investment finance and better incentives to the management of the investment process. The new flows help to promote the development of internal domestic capital markets.

Along with the benefits there are also costs and policy implications, he cautioned. The real appreciation of the exchange rate may have negative effects on exports.

The speed of adjustment in asset markets is very quick but movement of commodities and factors to new markets or activities takes time—even years in some cases. So the question arises of what kind of macro-policy reaction should there be. Is it mainly fiscal? Can monetary corrections do it alone? The questions do not admit to easy answers.

Approximately 300 people, some from as far away as Russia and Thailand, took part in the symposium.

Policy makers, investors, academics, investment bankers, national regulators and officials of multilateral agencies were among the participants. □

LENDING

Two IDA Credits Help Albania Smooth Transition to Market Economy

Since Albania embarked on its transition from a command to a market economy in 1991, economic production has plummeted and the jobless rate has soared. As its bloated and inefficient public enterprises suddenly faced global competition, many workers found themselves out of jobs.

But as Albania moves toward a market economy, the government aims to help put the unemployed back to work and provide targeted assistance for the truly needy.

On September 14, the International Development Association (IDA) approved two credits to help Albania in that effort.

A credit of SDR 3.9 million ($5.4 million) will help develop an active labor market while another credit of SDR 3.9 million will assist Albania in reforming its social safety net.

The first credit aims to help Albania develop new labor policies, make workers more productive and attractive to employers, and improve the operation of local labor offices. Help will go to key labor market institutions like the Ministry of Labor and the network of labor offices. The credit will also support a fund aimed at training unemployed workers and creating small enterprises. Some 10,000 people could take part, with up to 7,000 expected to gain permanent jobs from the plan.

Until July 1992, state enterprises in Albania were forced to pay idle workers 80 percent of their wages. But when that policy was terminated that month, employers reacted with mass layoffs. The jobless rate grew from 9 percent to 18 percent by August and to 27 percent by November of that year.

Some 10,000 people could take part, with up to 7,000 expected to gain permanent jobs from the plan.

The second IDA credit provides technical assistance to help Albania reform its "social protection" systems which pay out various benefits ranging from unemployment benefits to pensions and targeted social assistance benefits.

Albania began its move to a market economy with a much more fragile economic base and with a less developed social safety net than other countries in Central and Eastern Europe. As the jobless rate rises, the government is being forced to stretch funds in the face of falling revenues from its ailing economy.

Albania will develop new policies for its social insurance and social assistance programs with the help of the credit.

New systems will be put in place to fight recipient fraud and abuse, for example, and a computer system for determining benefit eligibility will be developed. Training and research at institutions that manage cash benefits will also be strengthened to improve and modernize service delivery.

By reforming its social safety net, Albania will make its system of benefits more financially viable in the face of its painful transition. □

LENDING

First World Bank Loan to Czech Republic Aimed at Improving Telecommunications

Czech entrepreneurs and businesses trying to join the global marketplace keep running into a persistent problem: the aging Czech telephone system, a relic of inefficient central planning, simply cannot keep up with rising demand from businesses and private subscribers.

To tackle the problem, the Czech Republic is launching a three-year, $891.5 million plan aimed at making its telephones more modern and ready for business in the 21st century. On September 9, the World Bank approved an $80 million loan in support of the effort.

The Bank loan is the first to the Czech Republic since it joined the institution on January 1 as a successor state to the Czechoslovak Federation, and it follows a $55 million loan made in July to the Slovak Republic for improvement of its telecommunications. The European Investment Bank and the European Bank for Reconstruction and Development are cofinancing the Czech plan with $80 million each.

The project will transform the telephone system from an old, analog network to one based on digital technology using new fiber optic cables. By digitalizing the system, the country can reduce congestion, lay the groundwork for future expansion and offer new services to customers. Under the current system, many businesses lack access to data services like faxes, voice mail and electronic mail, services which are widely used by competing firms in Europe. Overall, some 310,000 new subscribers, including businesses, will benefit from the new system.

The project also aims to help restructure the republic's telecommunications organization from a state-owned enterprise to a commercial venture. Technical assistance will be provided to help train the institution's staff in financial management, human resource management and market orientation.

Currently, only 16 of every 100 Czechs have access to a telephone, a number much lower than in nearby Western European countries. Also, while 30 percent of Prague residents have phones, only 2 percent to 6 percent of people in outlying villages have access. The waiting time for a phone in the Czech Republic averages 5.3 years.

Even for those customers having phones, using them can be a problem. When the system is used heavily, only 30 to 40 percent of long-distance calls are ever connected. That number drops to 20 percent and as low as 5 percent when the congestion continues and the network jams. □

EL SALVADOR

A $50 million World Bank loan will help support the government's structural adjustment program. The plan aims to ensure macroeconomic stability, support a series of crucial adjustment measures during the pre-election period and promote continued growth while alleviating poverty. Also, a $2.5 million Bank loan will provide technical assistance and equipment to El Salvador to help coordinate and complement donor assistance.

MOROCCO

The government will strengthen its institutional and regulatory framework for managing environmental protection with assistance from a $6 million World Bank loan.

PAKISTAN

The government's public sector adjustment program will receive assistance in the shape of a $150 million Bank loan and a credit of SDR 71.8 million ($100 million) from the International Development Association (IDA). The loan and credit will help Pakistan deregulate the economy, redefine the role of the public sector, make activities remaining in the public sector more effective and sustainable, and reform trade.

RWANDA

An IDA credit of SDR 8.7 million ($12 million) will assist the Rwandese Republic in promoting the rapid expansion of the private sector.

PUBLICATIONS

New World Bank Water Policy Stresses "Comprehensive Approach"

The following story is embargoed for release until 4 p.m. EDT (2000 GMT) on Thursday, September 16.

How can water be used best by people, industry and agriculture?

The answer to that question forms the heart of the World Bank's *Water Resources Management* policy paper issued in Washington on September 16. The paper provides a framework for the use of water worldwide.

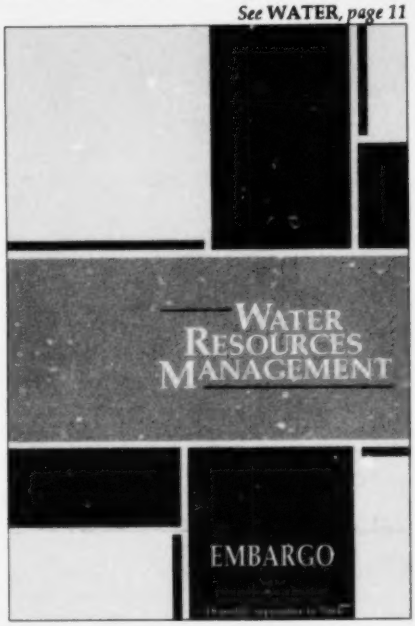
The paper recommends that countries where water management problems are emerging or are already present adopt a "comprehensive approach" to water management, highlighting the intersectoral aspects of water use.

The paper concludes that people affected by water projects in developing countries should participate in designing and managing those programs. It emphasizes the benefits of decentralization while acknowledging the role of central government, and outlines a role for both public and private entities. The paper provides a guide for the World Bank's future involvement in water activities.

The paper suggests a price tag of up to $700 billion that may be needed for water-related investments by developing countries over the next decade. Its analysis and recommendations have implications for reducing poverty and sustaining the environment.

"Water is an increasingly scarce resource requiring careful economic and environmental management," according to the Bank. "The situation is exacerbated by rapid population growth and urbanization in developing countries. As the demand for water for human and industrial use has escalated, so has the competition for water used for irrigated agriculture. At the same time, the engineering and environmental costs are much higher for new water supplies than for sources already tapped. New challenges call for a new approach. Governments have often misallocated and wasted water, as well as permitted dam-

See **WATER**, *page 11*



Salty Soil Slashes Crop Yields

During the past few decades, irrigation has helped boost global food production by 50 percent. Today, while irrigated land makes up only one-seventh of global cropland, it yields more than one-third of the world's food, including 60 percent of its rice and 40 percent of wheat.

Dina Umali

But irrigation—the watering of dry, unproductive land for use in farming—has begun to create secondary problems, says a new World Bank report. Salt left behind by irrigation water has begun to choke crops and slash food output in countries in both the developing and industrialized worlds.

"Irrigation has been an important force in agricultural development," says Dina Umali, a consultant to the Agricultural Policies Division of the Bank's Agriculture and Natural Resources Department, and author of *Irrigation-Induced Salinity--A Growing Problem for Development and the Environment*. "But we are now seeing the second-generation problems of irrigation. At first, land was watered and food output increased. But now, the problem of salinity is cutting production, forcing many countries to address the problem."

A Growing Problem

Salinity occurs when surface or ground water containing mineral salts is used for irrigating crops, when saline soils are irrigated or when the level of salty ground water rises. The salts carried by the water then accumulate around the roots of the plants. When the ground becomes too salty, the soil literally sucks the water out from plant roots, leaving crops to wither.

To tackle salinity, the Bank and other donor agencies must help developing countries manage their water resources better, says Umali.

One way is to build drainage canals around irrigated fields to allow the excess water to flow out. Without drainage, soil becomes waterlogged and vulnerable to heavy salt accumulation. Allowing the water to escape can prevent waterlogging and bring much of the salt away from the fields. The drainage water can be disposed of by using evapora-

See **IRRIGATE**, *page 12*

Development Agenda

Date	Event	Sponsor	Location	Telephone
SEPTEMBER				
15-17	U.S.-Africa Telecoms and Broadcasting Conference	*Africa Communications*	Washington	(202) 667-2111*
20	Publication of *World Bank Annual Report 1993*	World Bank	Washington	(202) 473-1784*
20-22	International Conference on Sustainable Development and "Partnerships for Change"	United Kingdom	Manchester, U.K.	(44-71) 276-8168
20-23	Towards Education for All	University of Brunei Darussalam	Brunei Darussalam	(673-2) 427001
20-24	General Conference	Int'l. Atomic Energy Agency	Vienna	(43-1) 23600
22-25	World Bank/IFC Annual Infrastructure Symposium	World Bank, IFC, World Economic Development Congress	Washington	(202)-467-3909*
23-25	Building the Integrated Global Economy	World Economic Development Congress	Washington	(617)-487-7900*
24	*East Asian Miracle*: Press Briefing	World Bank	Washington	(202)-473-2475*
24	*Environment Report 1993*: Press Briefing	World Bank	Washington	(202)-473-1788*
25-Oct. 1	International Conference on Sustainable Village-Based Development	Colorado State University Department of Civil Engineering	Fort Collins, CO	(303) 491-5753*
26-Oct. 1	International Congress on Nutrition	CSIRO	Adelaide, Australia	(61-8) 224-1800
27	Seminar on Energy and the Environment	World Bank	Washington	(202) 473-3412*
27	Conference on Traditional Knowledge and Sustainable Development	World Bank	Washington	(202) 473-3413*
27	Seminar on Poverty Progress & Policy	World Bank	Washington	(202) 473-1784*
27	Conference on Participatory Develop. and Indigenous People	World Bank	Washington	(202) 473-3413*
27-30	Today's Child, Tomorrow's World	National Association of Children's Hospitals	Atlanta, GA	(703) 684-1355*
30-Oct. 1	Conference on Valuing the Environment	World Bank	Washington	(202) 473-1787*
OCTOBER				
4-5	Asia-Pacific Region Business And Investment Conference	*Asia Business Journal*	Boston	(617) 963-2938*
13-15	Europe/East Asia Economic Forum	World Economic Forum	Hong Kong	(41-22) 736-0243
14	Meeting of Consultative Group	World Bank	Paris	(33-1) 40-69-3016

Editor's Note: *Development Agenda* is a feature that alerts journalists to key news events in the field of economic development. Journalists should contact sponsoring agencies for details about each event. Asterisk (*) indicates telephone number is in the U.S.A. All other telephone numbers include country and city codes.

Sixteen Countries Joined the Bank in 1993

ANNUAL, *from page1*

For IBRD, the proportion was 16 percent in the fiscal year just ended, down from 24 percent in fiscal 1992. Adjustment lending from IDA in fiscal 1993 accounted for 20 percent, down from 33 percent of new commitments a year earlier.

Membership in the IBRD stood at 176 nations at the end of fiscal 1993, an increase of 16 during the fiscal year, while membership in the IDA rose by 10 during fiscal 1993 to a total of 152 countries.

The report reviews the progress the World Bank is making in implementing its poverty-reduction strategy in the lending programs of both the IBRD and IDA. Country-specific "poverty assessments" are helping to design assistance programs for borrowing governments. During fiscal 1993, nine more poverty assessments were completed, bringing the total to 27. A program of targeted interventions identifies operations that include a specific mechanism for reaching the poor. Estimates of these operations during fiscal 1993 indicate that 26 percent of combined IBRD and IDA investment lending and 40 percent of IDA investment lending fell within this category.

Lending for human resource development, critical to poverty reduction, has increased dramatically, the report notes. During the last three fiscal years, average annual lending to education, population, health and nutrition has been at a level nearly five times greater in dollar terms than during the comparable period of the last decade and, as a share of total Bank lending, has increased from 5 percent to 15 percent annually.

Project implementation has been the focus of considerable attention within the Bank and its Board of Executive Directors during fiscal 1993, following an internal task force report indicating a decline in the quality of both completed projects and those being implemented. In July 1993, the Board endorsed a detailed plan of action proposed by management to improve the performance of Bank operations. Regularly scheduled performance reviews at the country level will be reflected in development-assistance strategies and will identify solutions to any problems found.

The Bank, during the last fiscal year, raised the level of its loan-loss provisions from 2.5 percent to 3 percent of total loans disbursed and outstanding plus the present value of guarantees and increased its target for the ratio of reserves to loans to a range of 13 percent to 14 percent during the next two fiscal years. A two-year pilot program was established during fiscal 1993 to offer eligible borrowers a choice of currencies on their loans as an alternative to the existing multi-currency pool loan.

During the course of the last fiscal year, sector reports covering Bank policies and "best practice" were reviewed for electric power, energy efficiency and conservation, housing and water resources. Three new vice presidencies were created to provide support and leadership in critical poverty-related areas: human resource development, finance and private sector development and environmentally sustainable development. In fiscal 1993, the Board approved 24 projects with primarily environmental objectives (where environmental costs or benefits exceed 50 percent), totaling nearly $2 billion. A Social Policy and Resettlement division was established in the Environment Department to advise on social components of operations.

Journalists may receive copies of the annual report by writing on company letterhead to the World Bank, Room T-8019, Washington, D.C. 20433, U.S.A. or by calling (202) 473-1784. □

Fiscal 1993 Lending By Region
($US millions)

Africa	
IBRD	47.0
IDA	2,770.3
Total	2,817.3
East Asia & Pacific	
IBRD	4,404.8
IDA	1,165.0
Total	5,569.8
South Asia	
IBRD	1,145.0
IDA	2,271.2
Total	3,416.2
Europe & Central Asia	
IBRD	3,739.5
IDA	104.4
Total	3,843.9
Latin America & Caribbean	
IBRD	5,851.8
IDA	316.7
Total	6,168.5
Middle East & North Africa	
IBRD	1,756.4
IDA	123.8
Total	1,880.2

Growth of GDP Per Capita
(average annual percentage change)

	1991	1992
Low- and Middle-Income Economies	-0.4	-2.1
By Region		
Sub-Saharan Africa	-1.5	-1.3
East Asia	4.7	5.4
South Asia	3.4	-0.3
Middle East, N. Africa	-0.4	-0.9
Europe & Central Asia	-2.5	-9.2
Latin America, Caribbean	-1.9	1.5

Note: Figures for 1992 are preliminary. Sub-Saharan Africa figures do not include South Africa. Latin America and Caribbean figures do not include Cuba. Low-income economies have a per capita GNP of $635 or less as of 1991. Middle-income economies have a per capita GNP of more than $635 but less than $7,910 in 1991.

Despite Difficulties, Some African Countries Have Reason for Optimism

For most of Sub-Saharan Africa, 1992 was a difficult year, according to the *World Bank Annual Report 1993.*

Worldwide recession reduced the demand for the region's exports and depressed commodity prices; the drought in Eastern and Southern Africa led the region's cereal production to drop by half; civil strife continued to constrict economic growth; and many countries failed to manage their economies properly, leading to financial deterioration, especially in a number of Western and Central African countries.

Gross domestic product in sub-Saharan Africa grew by 1.8 percent in 1992, the same as in 1991, but slightly below the 1986-90 average and still below the region's population growth rate of 3 percent.

Per capita consumption, investment and exports also grew faster in 1992 than in 1991. Despite an increase in the volume of exports, declining terms of trade led to a widening of the region's current account deficit to nearly 10 percent of gross domestic product and increased borrowing was needed to meet domestic financing needs. Interest arrears continued to climb, reaching about $14 billion in 1992, more than three times the 1987 level. Despite debt forgiveness and reschedulings, the region's debt stock stood at about the previous year's level and its debt service ratio also remained high and unchanged at about 28 percent. Still, the region can expect positive, although modest, per capita income growth in 1993 or in 1994. This projection is based on developments in the first half of fiscal 1993 and assumes that good weather continues and commodity prices are stable.

The region's lackluster performance masks fundamental changes taking place across the continent. Many countries are ending long periods of civil conflict. Many more are making the transition from centralized political systems to more pluralistic ones. And nearly every country is undergoing some degree of economic reform.

Countries that have implemented and persisted in their economic reforms have already performed much better than the region as a whole. Gross domestic product grew on average by 3.3 percent a year during 1991 and 1992 in a group of 15 countries, and for nine of these the rate was 4 percent to 5 percent.

Progress is also taking place on a number of other important fronts: governments have stepped up their efforts on family planning, empowering African women, and preserving the environment. More countries are willing to promote regional integration. Public investment programs are being rationalized and institutional capacities strengthened.□

East Asia and Pacific Economies Grew 8.2 Percent Last Year

The East Asia and Pacific region reported strong economic growth again in 1992, despite the continuing global slowdown, according to the *World Bank Annual Report 1993.*

Gross domestic product (GDP) grew by 8.2 percent and exports by 13.6 percent in the region during 1992, and the benefits were broadly shared. If present trends are sustained, East Asia and the Pacific could become during the next generation the first developing region to overcome poverty.

Over the past quarter of a century, average living standards have nearly quadrupled and the gender gap--the difference in opportunities and living standards for males and females--has narrowed. The number of people living in poverty has fallen by more than a percentage point a year, even as the population was growing by 2 percent a year. About 10 percent of the population is estimated to be below the poverty line.

But the region faces a number of complex reforms in the decades ahead if it is to continue to reduce poverty and to sustain strong growth rates. Reforms include:

- Alleviation of infrastructure bottlenecks, which are a major obstacle to growth. This will require more efficient investment supported by pricing, legal, and regulatory reforms.
- Reduction of adverse environmental impacts caused by industrialization, population pressures, and urbanization. Most countries in the region have laws and institutions protecting the environment, but many of these are weak. The political will to tackle environmental problems also needs to be strengthened.
- Reforms in the financial sector and enterprise reform in the socialist economies in transition, and even in some of the more advanced economies. This task includes private sector development, privatization, and banking reform.
- Continued progress in social development to prevent people just above the poverty line from slipping back. Agricultural development, family planning, better health care (including confronting the growing problem of AIDS), and the efficiency of spending on health and education, will be critical.
- Liberalization of trade and investment. Despite the slowdown in global trade and the growth of regionalism elsewhere, it is important that the region's efforts to cut trade barriers should not become exclusionary.

The Bank's lending to the region in fiscal 1993 was $5.57 billion and was guided by challenges, such as environmental issues and infrastructure bottlenecks.□

Europe and Central Asia Moved Forward with Reforms Last Year

The magnitude and pace of political and economic changes in Central and Eastern Europe, the Baltic states and the Former Soviet Union have posed an unprecedented challenge for the entire international community, states the *World Bank Annual Report 1993*.

Many countries in the region are making major structural changes to their economies. These include price and trade liberalization, massive privatization, creation of legal and institutional frameworks to help the development of private enterprise, financial sector reform, and setting up mechanisms to protect the most vulnerable social groups during the transition period. The experience gained so far highlights the diversity of the political and economic heritage of these countries, and how they differ from one another in their ability to push through reforms.

Eleven of the Soviet Union's successor states joined the World Bank in fiscal 1993, as did Latvia and Lithuania. The Russian Federation and Estonia had joined in June 1992. The Czech and Slovak Republics became separate members on January 1, 1993. The Bank's executive directors terminated the membership of the Socialist Federal Republic of Yugoslavia in February 1993, permitting the five successor republics to become members, provided that each fulfills the requirements set out in the membership resolution. Croatia and Slovenia became members of the Bank on February 25, 1993. By the end of the fiscal year, application procedures were pending on membership for Bosnia-Herzegovina, the Former Yugoslav Republic of Macedonia, and the Federal Republic of Yugoslavia.

The main goal of the Bank's work in the Europe and Central Asia Region (ECA) is the successful transformation of these countries from centrally planned economies into growing market-oriented economies. Because of the rapid changes in the region, the Bank has had to be flexible and innovative. Economic and sector work, technical assistance, lending, and aid coordination are designed to complement each other closely, and the lessons learned from the experiences of individual countries are quickly shared by everyone.

Technical assistance in Central and Eastern Europe, and increasingly in the former Soviet Union, has been essential for the preparation of successful investment operations. It has helped to build the capacity of governments to use aid effectively and to implement projects successfully. Total lending for technical assistance to the region in FY93 amounted to $133 million. The Bank's total commitments to the ECA Region (including those made by the International Development Association) in fiscal 1993 amounted to $3.84 billion, about 16 percent of all commitments made by the Bank and IDA in that fiscal year. □

Lending to Latin America and Caribbean Rose in Fiscal 1993

World Bank lending for Latin America and the Caribbean is "increasingly emphasizing loans for poverty reduction, improvements in social-sector activities, protection of the environment and private-sector development," says the *World Bank Annual Report 1993*.

Between fiscal 1993 and 1995, human-resource and poverty-oriented lending are expected to account for more than 30 percent of project approvals, about double the percentage reached between 1987 and 1990.

In fiscal 1993, the Bank approved 50 new loans totaling a record $6.17 billion for the region. The amount is about 9 percent higher than the previous year. Fourteen of these loans, amounting to $974 million, were directly for human resources and poverty alleviation projects.

During the year, three countries in the region received record lending: Argentina, with six loans totaling $1.96 billion; Costa Rica, with three loans for $167 million; and Jamaica, with three loans for $167 million.

The economic progress of Latin America and the Caribbean continued during 1992. "The economic recovery of the region is even more remarkable in the context of an international environment that has provided limited opportunities for export growth," the report says.

- Growth in gross domestic product (GDP) was positive, as it was in 1991, and inflation continued to be moderate in most countries.
- Total regional exports increased from $122 billion in 1990 to only $126 billion in 1992 as a result of the recession in the United States and other market economies.
- The aggregate growth rate accelerated in the rest of Latin America as countries' stabilization and reform efforts bore fruit, and Argentina, Chile and Venezuela experienced their fastest GDP growth rates in a decade.
- Latin America's GDP growth decelerated to 2.3 percent from 3.1 percent in 1991, mainly the result of Brazil's performance.
- About $40 billion of external private capital flowed into Argentina, Chile Mexico and Venezuela, allowing imports to grow rapidly—by as much as 40 percent in Venezuela—even as their reserve assets also grew quickly.

Strong stabilization and reform programs in the region, combined with relatively low interest rates in the United States, have provided an environment that has attracted a substantial inflow of capital to the more successful adjusting countries. In 1992, this inflow amounted to $57 billion, substantially higher than the $40 billion of the year before. □

Progress in the Middle East and North Africa Was Uneven Across the Region Last Year

World Bank and International Development Association commitments to countries in the Middle East and North Africa amounted to $1.88 billion in fiscal 1993, the *World Bank Annual Report 1993* shows.

Lending was 27 percent above the previous year, and 18 percent above the average for the preceding four years.

Bank support for economic development in the region took place against a background of generally better-than-expected recovery in the wake of the Gulf crisis but without a clear trend toward a regional recovery. Special factors helped to account for the successes of some high performers—such as Jordan—and the problems faced by others that did less well--such as Morocco.

Economic reform designed to restore growth over the medium term remained high on the agenda of most of the Bank's active borrowers: Algeria, Egypt, Iran, Jordan, Lebanon, Morocco, Tunisia and Yemen. But the depth and breadth of progress varied. Morocco and Tunisia continued to lead the way, while the greatest difficulty was experienced by Algeria and Yemen.

Still, borrower countries continue to face a number of critical problems—including large labor surpluses leading to levels of unemployment ranging from 15 percent to 25 percent and lagging basic indicators of social well-being.

Both these problems reflect imbalances between slow growth in production and rapid population growth in most countries.

Raising output and reducing unemployment over the medium term will require vigorous pursuit of country-specific policy initiatives in support of structural reforms in four basic areas—macroeconomic stabilization, private sector development, public sector management, and management of external debt. This will help redress the imbalance between economic growth and population growth over time—essentially by raising the former. But urgent action is also needed to tackle the region's unusually rapid rate of population growth, which exceeded 3 percent a year during the 1980s and has persisted in many countries into the 1990s.

Action is also needed to tackle the critical social problems reflected in poor human welfare indicators, notably infant mortality, adult literacy, and female school enrollments.

The World Bank has responded to these imperatives by revising and refocusing its country assistance strategies during 1993, and by complementing these strategies with the development of broad sectoral strategies in areas of special concern common to most or all borrower countries. □

South Asia Tackled Poverty

The South Asia region is home to a fifth of the world's population and nearly half of its poor. The challenge for the region is to find paths to sustainable development that can simultaneously stimulate growth, reduce poverty and protect the environment, according to the *World Bank Annual Report 1993*.

During the 1980s, economic growth in the region averaged 5.2 percent a year, which was significantly higher than that achieved during the period 1965-80 (3.6 percent). But the region's population grew at 2.2 percent during the same decade and, because all countries—except Sri Lanka—have population growth rates in excess of 2 percent, even a 5 percent annual rise in GDP was not sufficient to create enough jobs for an expanding labor force.

Governments in Bangladesh, India, Nepal, Pakistan, and Sri Lanka all initiated, renewed or expanded economic reform programs in the early 1990s. These programs moved forward in 1992 and, in some cases, accelerated. The past year was distinguished by a slow but steady rate of economic recovery in most of the countries.

Sri Lanka exceeded an anticipated 5 percent in real economic growth. India showed improvement in economic performance: growth is estimated at 4 percent in 1992, after falling from 5.6 percent in 1990 to 1.2 percent in 1991. Bangladesh had a slowdown in its performance, with growth in 1992 estimated at about 4 percent. Nepal registered a steady, if unspectacular, growth rate of 4 percent, and Pakistan saw economic growth decline to somewhere between 4 percent and 5 percent, mostly because of the loss of life, property, infrastructure and crops stemming from devastating floods in September 1992.

Recent progress in economic management is evident in three areas: fiscal reforms, public-enterprise and regulatory reforms, and trade reforms. India and Bangladesh made noteworthy progress in deepening and broadening the scope of adjustment and fiscal-reform programs. In India, the overall public-sector deficit declined from 12 percent of GDP in 1990 to an estimated 8 percent in 1992. This reduction reflected the central government deficit, which fell from 8.4 percent of GDP in 1990 to 5.3 percent in 1992. Bangladesh's fiscal reform program is strong on the revenue side. Tax reform has led to an increase in government revenues from 8.8 percent of GDP in 1989 to an estimated 11.5 percent in 1992.

To reduce poverty, high and sustainable growth is necessary. South Asia's growth record has been good over the past decade and there is clear evidence that this has resulted in rising per capita consumption by the poor, especially in Pakistan and India. But growth alone is not enough. The pace of improvements in social indicators has not kept up with the impressive growth rates. With the exception of Sri Lanka, life expectancy in South Asia is far lower than in East Asia. In recent years, however, South Asia's governments have spent more to help the poor and the disadvantaged. □

People Affected by Water Projects Should Have a Say

WATER, *from page 5*

age to the environment, as a result of institutional weaknesses, market failures, distorted policies, and misguided investments."

Countries have generally paid little attention to water quality and pollution control, the paper claims. In many developing countries, water quality is poor and often unsafe for human consumption. For instance, polluted water is the principal cause of many health problems, such as diarrheal diseases which kill more than three million people—mostly children—around the world each year and sicken more than a billion more. In addition to the human suffering, the economic and environmental damages from water pollution are devastating, resulting in billions of dollars spent to clean up and prevent degradation of waterways and surrounding land.

The policy paper treats water as a resource that should be recognized as "an economic good." This view, when combined with decentralized management and delivery structures, greater reliance on pricing, and fuller participation of stakeholders—governments and users, is consistent with the Dublin Statement (1992) by government representatives and international agencies and last year's United Nations Conference on Environment and Development held in Rio de Janeiro. The Dublin Statement called for new approaches to the assessment, development and management of fresh water resources.

"Investments in water resources have played a major role in the Bank's efforts to help countries reduce poverty and upgrade living conditions," the paper points out. "Irrigation systems have expanded food production, improved nutrition, and increased rural incomes. Investments in water and sanitation systems also have improved health and living standards. Hydropower projects have been an important source of energy for industrial and agricultural development. By the end of 1991, more than $19 billion had been lent for irrigation and drainage, $12 billion for water supply and sewerage, and about $9 billion for hydropower projects, the total representing more than 15 percent of total Bank lending."

Water Resources Management is priced at $6.95. Journalists may receive complimentary review copies by writing on company letterhead to the World Bank, Office of the Publisher, Marketing Unit, Room T-8054, Washington, D.C. 20433, Fax (202) 676-0579. For more information, contact Al Drattell at (202) 473-1787, Leandro Coronel at (202) 473-1788 or Lesley Simmons at (202) 473-1785. □

IFC News

Financing Reaches Record Level

The International Finance Corporation (IFC) approved a record $2.1 billion in financing for 185 private-sector projects in 54 developing countries in fiscal 1993, which ended June 30, 1993.

According to IFC's 1993 annual report, which was published on September 15, the amount of financing approved during the year is 20 percent greater than the amount approved the previous fiscal year.

The growth of IFC's investments reflects the "vigor of private enterprise" in many developing countries, according to IFC Executive Vice President William Ryrie. "The demand for IFC finance and services now considerably exceeds the Corporation's ability to supply, as more governments in emerging markets look to the private sector to drive economic growth and adopt policies that allow market forces to work."

The report shows that equity and "quasi-equity" investments—totaling $519 million—represented 24 percent of the financing approved by IFC during the fiscal year. For every $1 that IFC invested for its own account, more than $7 is mobilized from other financial services. The report also shows that IFC approved a record $1.8 billion loan syndications in fiscal 1993.

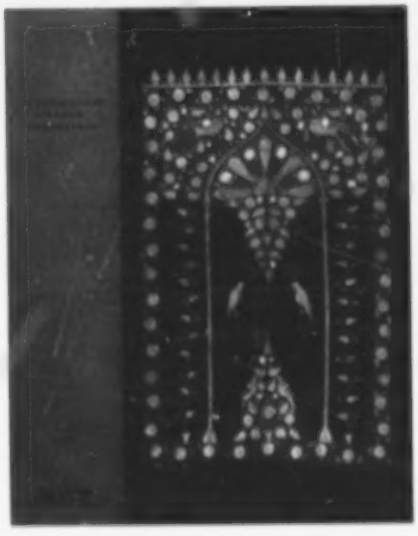
IFC's net income in fiscal 1993 was $142 million, compared with $180 million the previous year. Lower short-term interest rates reduced the returns on the liquid asset portfolio to $133 million from $156 million the previous year.

War and economic and political uncertainty in the former Yugoslavia and some countries in Africa and a slower-than-anticipated rebound in Turkey's tourism industry lowered the income from IFC's loan portfolio to $320 million in fiscal 1993, compared with $343 million in fiscal 1992.

Still, IFC's equity portfolio continued to perform strongly, generating gross income of $155 million. Sales of mature investments resulted in $117 million in capital gains, and dividends reached $38 million during the year.

To fund its lending program, IFC raised $1.3 billion through bond issues in the international capital market. The amount is almost twice as large as last year's total.

International Finance Corporation Annual Report 1993 is free. Journalists may receive copies by writing on company letterhead to IFC Corporate Relations Unit, Annual Report Office, Room I-3137X, Washington, D.C. 20433, or by calling (202) 473-5316. □



PUBLICATIONS

Almost Half of World's Irrigated Land Affected

IRRIGATE, *from page 5*

tion ponds, re-using part of the water or building drains to the sea.

"The key with salinity is to maintain a salt balance. The excess salts that go in must have somewhere to be taken out," she says.

But building drainage infrastructure is not enough, says Umali. To fight the problem of salinity, developing countries must change their frequently "distortive" water policies. Sound water management and economic policies must be put in place to encourage farmers to use water more efficiently. Often, governments subsidize water which prompts farmers to water their crops much more than is economically justified. Water use is also poorly managed in many countries while some farmers remain ignorant of efficient methods.

Also, the Bank and its borrowers must look more closely at how irrigation projects affect the environment. Projects are often poorly planned, implemented or monitored, she says. Besides, drainage systems are sometimes not included in the overall irrigation design, or even when they are, they may not be completed. Overall, more commitment to the environmental protection of project areas is needed. The World Bank's recent *Water Resources Management Policy Paper* deals with these issues, she adds.

"If a country wants to prevent salinity, it must do something about it now," Umali says. "Waiting until the crop yields start to fall will not help."

Up to 48 percent of the world's irrigated land may be affected by some degree of salinity, says Umali. Although development experts have no exact measure of salinity damage, she points to a Bank review of 21 irrigation projects as proof that salt has begun to take a visible toll on crops as diverse as clover and barley.

Eleven of the 21 projects were plagued by waterlogging problems while four showed effects of salinity, she says. Most had either partly constructed or no drainage canals in place. The four worst projects—in Korea, Turkey, Peru and Mexico—all showed decreases in crop output. But the Mexican project yielded the worst results, where salinity made 17 percent of the project area unusable, slapping serious economic losses to some 850 farming families.

Some countries are worse off than others, mainly in arid and semi-arid regions which have invested heavily in irrigation. In China, 23 percent of irrigated land is affected by salinity problems, with 21 percent in Pakistan, 11 percent in India, 10 percent in Mexico and 28 percent in the United States.

Some of the newly-formed Central Asian countries in the Aral Basin also show salinity problems. As much as 48 percent of the irrigated land in Turkmenistan is affected, 24 percent of Uzbekistan and 17 percent of Kazakhstan.

Salinity can also cross borders, adds Umali. Syria's and Turkey's use of water from the Euphrates River for irrigation cuts down on the flow of water to Iraq and makes the water more saline for downstream residents. Similar problems are being felt in Israel and Jordan with the Jordan River and in the United States and Mexico with the Colorado River.

Irrigation-Induced Salinity—A Growing Problem for Development and the Environment is priced at $7.95. Journalists may receive complimentary review copies by writing on company letterhead to the World Bank, Office of the Publisher, Marketing Unit, Room T-8054, Washington, D.C., 20433, U.S.A. Fax: (202) 676-0579. □

Briefing on Environment Report

The World Bank lent a record $2 billion for environment projects in fiscal 1993.

The World Bank and the Environment, Fiscal 1993, the Bank's annual report on the environment, provides details about the institution's support for environmental programs and developing countries' efforts to build up their environmental agencies. The report will be published on September 28.

Top environmental officials of the Bank will hold a pre-publication press briefing on the report on Friday, September 24 at 2 p.m. in the visitors center of the International Monetary Fund in Washington.

The briefing will be led by World Bank Vice President for Environmentally Sustainable Development Ismail Serageldin, Environment Department Director Mohamed El-Ashry and Environment Department Deputy Director Andrew Steer.

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WORLD BANK NEWS

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